

**Grass Lawn Neighborhood Plan
Alternatives and Preliminary Recommendations**

Affordable Housing

Issue:	What incentives or programs could be used to assist developers in providing housing affordable to households earning less than 80 percent of median income?
<p>Description/Background:</p> <p>2003 income and housing affordability summary for 4-person families and ownership homes is \$77,900 (½ the population makes more, ½ the population makes less than median income)</p> <p>50% of median income Household income: \$38,950 Can afford house of: \$103,000</p> <ul style="list-style-type: none"> • Entry level teacher earns \$28,000/year • Grocery Clerk earns \$33-37,000/year • Non-profit attorney earns \$36,000/year • Biomedical engineering tech earns 41,629/year <p>80% of median income household Household income \$62,320 Can afford house of \$167,000</p> <ul style="list-style-type: none"> • Top level teacher earns \$55,000/year • Police/firefighter (5 years) earn \$57,000/year • Entry level prosecutor earns \$57,925/year • Top office manager earns \$60,807/year • Clinical nurse earns \$65,709/year <p>100% of median income household Household income \$77,900 Can afford house of \$210,000</p> <ul style="list-style-type: none"> • Pharmacist earns \$77,385/year • Nurse Practitioner earns \$78,000/year • Police Chief earns \$85,000/year <p>120% of median income Household income: \$93,480 Can afford house of \$270,000</p> <ul style="list-style-type: none"> • Attorney (mid-level) earns \$87,650/year • Airline pilot earns \$92,546/year • Accounting Director earns \$108,717/year 	<p>According to the Northwest Multiple Listing Service, the median sales price for a house in Redmond in March 2003 was approximately \$310,000. This has increased from \$168,600 in 1990. New home sale prices are considerably higher, with a median home sale price of \$515,000 for new single-family homes, and \$237,000 for new multi-family housing construction. Households buying a home in Redmond would have to earn close to \$100,000 to buy a home in Redmond, and upwards of \$170,000 to afford a newly built single-family home.</p> <p>Staff has heard from the CAC that its important to provide affordable housing in the Grass Lawn neighborhood for varying income levels including those at the lower and lowest thresholds. There are a number and a combination of alternatives to achieve some of these goals.</p> <p>The focus of the alternatives and recommendation below is incentives or programs that could assist developers in providing affordable housing. Redmond's Community Development Guide defines "affordable housing" as housing that is affordable for households earning less than 80 percent of the median County income. "Affordable" also means that housing costs (either rent or monthly payments) do not exceed 30 percent of the households total monthly income. The 30% rule is what banks use for the amount they will lend for a mortgage.</p>
Alternatives:	<p>1. Offer bonus densities for construction of affordable housing and require that larger subdivisions include residences affordable to households earning less than 80% of the County median. Currently, Redmond allows a density</p>

bonus for affordable housing created in City Center, affordable senior housing built anywhere in the City, and the Willows/Rose Hill neighborhood. Each developer of a residential or mixed-use project in City Center is required to make at least 10% of it affordable. Developers of 10 units or more (attached or detached) in the Willows/Rose Hill neighborhood are required to make at least 10% of the units affordable.

The Grass Lawn neighborhood could support expansion of this program. The provisions could include:

- At least 10 percent of the residences in all new single-family developments of 10 lots or more would have to be affordable to households earning less than 80 percent of the median income.
- The developer could build one additional market rate house for each affordable house provided, up to 10 percent above the maximum density permitted on the site.
- Example: A 10-lot subdivision on a 2-acre site would be required to include one affordable house (meets 10 percent). For making one house affordable, the builder could build one additional market rate house as a bonus. Total density on the site would be 5.5 homes to the acre compared to 5 homes to the acre without the program. The builder is compensated for building the affordable house through the sale of an additional market rate house he or she would not otherwise have been able to build.
- Other cities: Mount Vernon allows a 15 percent net density increase for affordable housing citywide.
- Other developments: Two Camwest projects in Lakeview Park in Kirkland and Woodinville Heights in Woodinville both include affordable and market rate residences. This combination helped enable the developer to provide affordable housing.

2. Offer bonus densities for construction of affordable housing. This alternative is similar to Alternative 1, except that it would rely just on incentives. However, unless the incentives are high, it is less likely that developers would use the program.

- 3. Create a program to grant housing certificates to builders of affordable housing.** These certificates could be sold to property owners wishing to increase density in designated receiving areas in the City, such as City Center.

Under this program, a formula would be developed to determine the comparable value of each affordable housing unit. The developer's cost of providing the affordable housing would be compensated upon sale of the receiving site. The owner of the receiving site could enjoy greater economic return through additional development on the receiving site property.

The program could also be expanded to allow housing certificates to be used for additional housing capacity in selected residential areas, such as SE Redmond or North Redmond.

Creation of the housing certificate program could be accomplished with little or not public expenditure, other than staff time for processing certificates and reviewing easements. The program would operate similar to and could be combined with Redmond's transfer of development rights program.

- 4. Work with a non-profit housing organization to preserve some of the existing housing stock as affordable.** Under this alternative, the City or ARCH would work with a non-profit organization such as Kirkland Interfaith Transitional Housing to find a donor or to buy residences that would be available for rent at a cost affordable to families earning less than 80 percent of median-income. The homes could be maintained as affordable permanently or on a temporary basis. The non-profit organization would manage the residence, including matching up people who would like to rent a house. Such a program could also work with ownership housing. Buyers should be required to sell the house at a price affordable to families earning 80 percent or less of the median family income.

5. Funding assistance:

Government funding for affordable housing is very limited. Historically, most of the funding assistance for housing has been built or acquired by non-profit housing providers for larger projects of 20 or more residences, although scattered site housing has been used successfully for many years. Scattered site housing refers to affordable housing units included

	<p>in smaller buildings and scattered throughout the community.</p> <p>Since the early 1990's, Redmond has participated in regional efforts to provide affordable housing. However, the funds available to support these regional efforts are limited. The CAC could suggest alternative funding mechanisms (such as a housing levy) that would help support affordable housing acquisition and development.</p> <p>The neighborhood could also advocate through the neighborhood plan for funding increases for affordable housing and for use of funding for smaller projects. Additional funding, if available, could be used to pay for transportation, park, or fire impact fees or for development review fees for ownership housing affordable to households earning 80 percent or less of median income, as well as help with the construction costs.</p> <p>6. Work with ARCH (A Regional Coalition for Housing) to promote Accessory Dwelling Units (ADU). ADUs provide another housing choice for 1-2 person households. City regulations require either the ADU or the main structure to be occupied by the owner, and separate ownership of the ADU is not permitted. Additionally, ADU's are not counted towards the City's affordability targets. However, while the individual ADU will not increase ownership opportunities for lower-income households, rental of these units could provide additional income to the owner, which could potentially create more buying power for owners of ADU's. Given the need for more housing choices at various income levels and different housing types, the Committee could recommend staff and ARCH host a neighborhood workshop promoting ADUs and explore possible incentives for residents to build them.</p>
<p>Preliminary staff recommendation:</p>	<p>Staff recommends alternatives 1, 3,4,5 and 6 since they would be the most effective.</p>